



SEN. GEORGE RUNNER (RET.)

MEMBER
STATE BOARD OF EQUALIZATION
CALIFORNIA'S TAX BOARD

March 11, 2014

Honorable Adam Gray
Chair, Joint Legislative Audit Committee
1020 N St, Suite 200
Sacramento, CA 95814

RE: 2014-108: BOE-Cost of Repairs (Assembly Member Dickinson)

Dear Assembly Member Gray:

I am writing in support of Assembly Member Dickinson's request for an audit to determine the overall costs to the State of California to repair the Board of Equalization headquarters building (BOE HQ) versus the option of relocating and consolidating all its Sacramento headquarters operations into one new facility.

Located in my district, the headquarters building at 450 N Street was built in 1992 and houses approximately 2,900 employees, well over the 2,200 limit the building was designed to hold. To address these overcrowding concerns, approximately 700 employees and over one million taxpayer records have been relocated to four annex facilities, disjoining staff and disrupting business functions.

Since moving into the building in 1993, the State has spent approximately \$59 million on remediation and modernization costs, which could be considered an unusually high amount for a building of this age. Additionally, the State could potentially spend in excess of \$40 million over the next few years to address outstanding projects including the replacement of 2,070 spandrel glass panels (\$7M), the replacement of waste water pipes (\$10M), and the cleaning of mold from HVAC ducts.

In light of the significant costs to repair BOE HQ and repay bonds, as well as the operating inefficiencies of a dispersed workforce, the audit should analyze the following:

1. Determine and assess, to the extent possible, any actions taken by the State Government Operations Agency, the Department of General Services (DGS), and the Board of Equalization, to address the following:
 - a. The total level of investment the State would have to make to repair failing components at BOE HQ necessary to maintain employee and public health and safety levels, and the time frame for those investments to be made;

- b. The loss of worker productivity resulting from the temporary relocation of employees in BOE HQ during the course of repairs;
 - c. The cost-benefit of maintaining the current spatial configuration of BOE HQ and annex facilities, compared to cost-benefit of housing all BOE employees in one consolidated facility; and
 - d. The extent that proposals for housing BOE employees involving public-private partnerships, have been considered, and would result in a cost savings to the State.
2. To the extent possible, determine whether State Government Operations, DGS or BOE has assessed whether the repair process may impact the collection of state and local tax revenues, if any.
3. Determine whether the BOE has accurately projected its level staffing over the next 15 years. If not, use historical data to estimate that projected growth in staffing levels.
4. Review and assess any other issues that may be significant to the State addressing the cost of repair to BOE HQ and the housing of BOE employees.

Thank you for your consideration of this request. Do not hesitate to contact me if you would like to discuss this matter further.

Sincerely,

A handwritten signature in dark ink, appearing to read 'G. Runner', with a stylized, flowing script.

GEORGE RUNNER

cc: Assembly Member Dickinson
Doug Yoakum, Senate Republican Consultant
Daniel Ballon, Assembly Republican Consultant